

Daily commentary

Friday, 20 October 2017

Key news

- Weak UK Retail Sales data
- EU summit continues

Markets overview

Good morning

Retail sales in the UK showed a surprisingly marked slowdown in September, dragging quarterly growth to its weakest annual rate since 2013, suggesting consumer demand remains anything but certain as the Bank of England considers increasing UK base rate for the first time since July 2007.

Retail sales volumes fell 0.8% last month, reversing a jump in August and undershooting the predictions of all economists in a Reuters' poll (the mean expectation was for a drop of just 0.1%), leaving the annualised rate at 1.2% against expectations of 2.1%. Sterling lost some ground following the release, given that it may lead to alarm bells ringing as to the robustness of the economy generally and the ability to manage an interest rate rise.

The pound also continues to be sensitive to Brexit news and the EU summit continues today with leaders discussing Brexit negotiations. Although there have been some positive notes sounded it seems likely they will conclude that more negotiation rounds are needed before the talks can proceed to the second phase (trade agreements).

The situation in Catalonia is escalating with separatists urging supporters to pull cash from the banks that would be moving out of the region in case there is independence. The Spanish government is getting ready to trigger Article 155, while the Catalan president is getting ready to declare independence.

There is no data of note today so attention will focus on geopolitical events such as Brexit, Catalonia, Japanese elections and US Fed appointment and tax bill.

Have a pleasant weekend.

Market movers today:

- None

Market rates

CCY pair	Market rate at opening
GBP/USD	1.3119
GBP/EUR	1.1113
EUR/USD	1.1801
EUR/GBP	0.8999
GBP/AUD	1.6720
GBP/CAD	1.6411
GBP/CHF	1.2869
GBP/DKK	8.2712
GBP/HKD	10.2366
GBP/JPY	148.6050
GBP/NOK	10.4572
GBP/NZD	1.8786
GBP/SEK	10.6886
USD/CNY	6.6181
LIBOR (last business day setting)	
GBP 1 month	0.31363
GBP 3 month	0.39173
GBP 6 month	0.52931
Commodities and Stock Markets	
Crude oil (\$/barrel)	57.5
Gold (\$/oz)	1283.21
FTSE 100	7523.04
Dow Jones	23163.04
Nikkei 225	21457
Hang Sang	28459.92
German DAX	13049.96

Source : Reuters

Danske Bank Markets in Northern Ireland

Today's Major Data Releases - source: Reuters

Time	Region	Event	Period	Expectation
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